

Scotland Excel

To: Scotland Excel Joint Committee

On: 27 November 2015

**Report
by
Director Scotland Excel**

Scotland Excel Risk Register

1. Introduction

Since its set up in 2008 Scotland Excel has had in place a regularly reviewed risk register for the organisation's operations. The risk register is maintained to assess risks and threats that could impact on the delivery of Scotland Excel's organisational objectives and to identify actions that are being taken to mitigate such risks. Recognising that there have been numerous changes in the Local Authority landscape the Senior Management Team has, over recent weeks, been reviewing the register and has compiled a new risk register which is attached for information

2. Background

The review of the risk register has identified the current risks which may impact upon the organisation and its stakeholders. The risk register has been considered by the Executive Team and at various workshops with the wider Senior Management Team. This group have reviewed the risks and actions are in place to address these in line with good risk management practice.

The risk register contains, as a summary, a matrix setting out all risks identified for the organisation and highlights the top 5 risks,

The risks will continue to be monitored and reviewed on a quarterly basis by the Senior Management Team and it is recommended that the Risk Register be reported on a 6 monthly basis to the Executive Sub-Committee.

3. Recommendations

Members are invited to provide any feedback on the risk register, the actions identified and approve the future reporting of the Risk Register to the Executive Sub-Committee.



Risk Management Plan

2015

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1. Risk management arrangements within Scotland Excel

- 1.1 During 2014-15, the organisation has implemented a range of standard procedures in keeping with the organisation's risk management strategy. This includes adoption of the risk management process and the standardised risk matrix for analysis and evaluation of risk.
- 1.2 The review of the Risk Register will be carried out by the Senior Management Team and the top 5 risks will be reported quarterly to the appropriate governance committee of Scotland Excel.
- 1.3 The Senior Management Team will review the register on a monthly basis. However managers will bring to the attention of the group a new risk or significant change in an existing risk this will be circulated within the Senior Management Team with immediate effect.

2. Report on corporate risk management objectives

- 2.1. To ensure that risks are identified and effectively managed Scotland Excel will put in place a range of measures and processes. These will include:
 - (1) The Senior Management team owns and regularly reviews the risk register reporting on it to the governance committee of elected members.
 - (2) By carrying out regular review of the register and the process of review ensure that the risk management policy and strategy remain fit for purpose, providing a consistent approach to risk management and increasing its effectiveness.
 - (3) Ensuring that staff are equipped and supported to identify and manage risk in their area.
 - (4) The organisation will ensure that it has effective arrangements in place for managing risks in partnerships.
 - (5) Ensuring that the management of risk contributes to achieving positive outcomes for the organisation including encouraging innovation and identifying new opportunities.

3. Summary report on previous year's risk position

- 3.1. As part of the review of service this is a new risk register that reflects the current and future risks identified for the organisation.

4. Current internal and external business context for the organisation

- 4.1. The Scotland Excel Senior Management Team (SMT) have participated in dedicated sessions, facilitated by Renfrewshire Council's Risk Manager to explore the organisation's current risk landscape and agree the key risks that should feature in the organisation's revised strategic risk register.
- 4.2. As a basis for refreshing the strategic risk register, the SMT considered the organisation's key business priorities and perceived significant challenges to achieving these:
 - Supporting the delivery of better and more effective public services
 - Being sustainable in everything we do.
 - Placing customers at the heart of our business.
 - Becoming the partner of choice for delivering shared services.

- 4.3. Focus was then given to the organisation's current external business environment: immediate matters of importance as well as those that may be on the horizon. In particular, the SMT considered the following:
- **POLITICAL CONTEXT**
 - The Christie Commission on the Future Delivery of Public Services
 - Changes in the political landscape, such as the breakup of CoSLA and the formation of the new Local Government Partnership
 - Health and social care integration – joint bodies as new legal entities who may procure through other means and not access Scotland Excel contracts
 - **ECONOMIC CONTEXT**
 - The increasing focus on public sector procurement as a driver of economic benefits and the relationship between procurement and the local economic agenda
 - Financial pressures and budget cuts in member councils
 - Financial (and other) factors impacting on resilience of suppliers – potential for provider failure/ business continuity risk
 - **SOCIAL CONTEXT**
 - The increasing focus on public sector procurement as a driver of social benefits
 - **TECHNICAL CONTEXT**
 - Complexities of certain new markets and matching in-house capacity/ capability
 - The third phase of the national Public Procurement Reform Programme – potential to be out of step with what's seen as good practice – detached from key requirements
 - Linked to the above, recommendations in the Review of Scottish Public Sector Procurement in Construction - the need to review, position the organisation to better serve customers (PCA good example)
 - Scotland's Digital Future/ delivery of Public Services strategy and the Local Government Information and Communication Technology (ICT) strategy – access in local communities. – Opportunity. – reputation that we say we can deliver ICT contract but can't deliver.
 - **LEGISLATIVE CONTEXT:**
 - The Procurement Reform (Scotland) Bill
 - Changes to EU and UK procurement legislation
 - Consultation on the Community Empowerment (Scotland) Bill – Scotland Excel Contracts may not be fully utilised. Sales and marketing need to respond and there is opportunity for small projects team to be involved.
 - Personalisation and self directed support legislation (individual choice) – risk in terms of the contract and additionally governance, in terms of how Scotland Excel supports member councils
 - Public Bodies (Joint Working) (Scotland) Act 2014
 - **ENVIRONMENTAL CONTEXT**
 - The increasing focus on public sector procurement as a driver of environmental benefits
- 4.4. Further to the above consideration of the current external business environment, the SMT also gave consideration to the current internal business environment: matters of importance identified in relation to internal priorities or challenges, or feedback/ performance:
- Performance against Transforming Scotland Excel priorities
 - Data integrity – systems and management information requirements to support future activities, future decisions and the transformation programme
 - Financial integrity and stability – funding/ rebates

- Exploring new markets/ developing new contracts with related reputational impact in how these are handled by the organisation
- Feedback from the Scotland Excel customer surveys - managing customer expectations/ demonstrating value and outcomes achieved – to be the provider of choice
- Outputs from the Audit Scotland review of procurement in Local Government– poor forecasting in terms of timelines
- Opportunities for growing the current shared services model to include the delivery of additional contract areas and value add services
- Workforce planning needs – turnover and the availability of skilled and experienced resources
- Trends in relation to complaints, incidents/ near misses, claims and insurance information
- Internal business continuity arrangements in respect of loss of staff, power/ systems, facilities

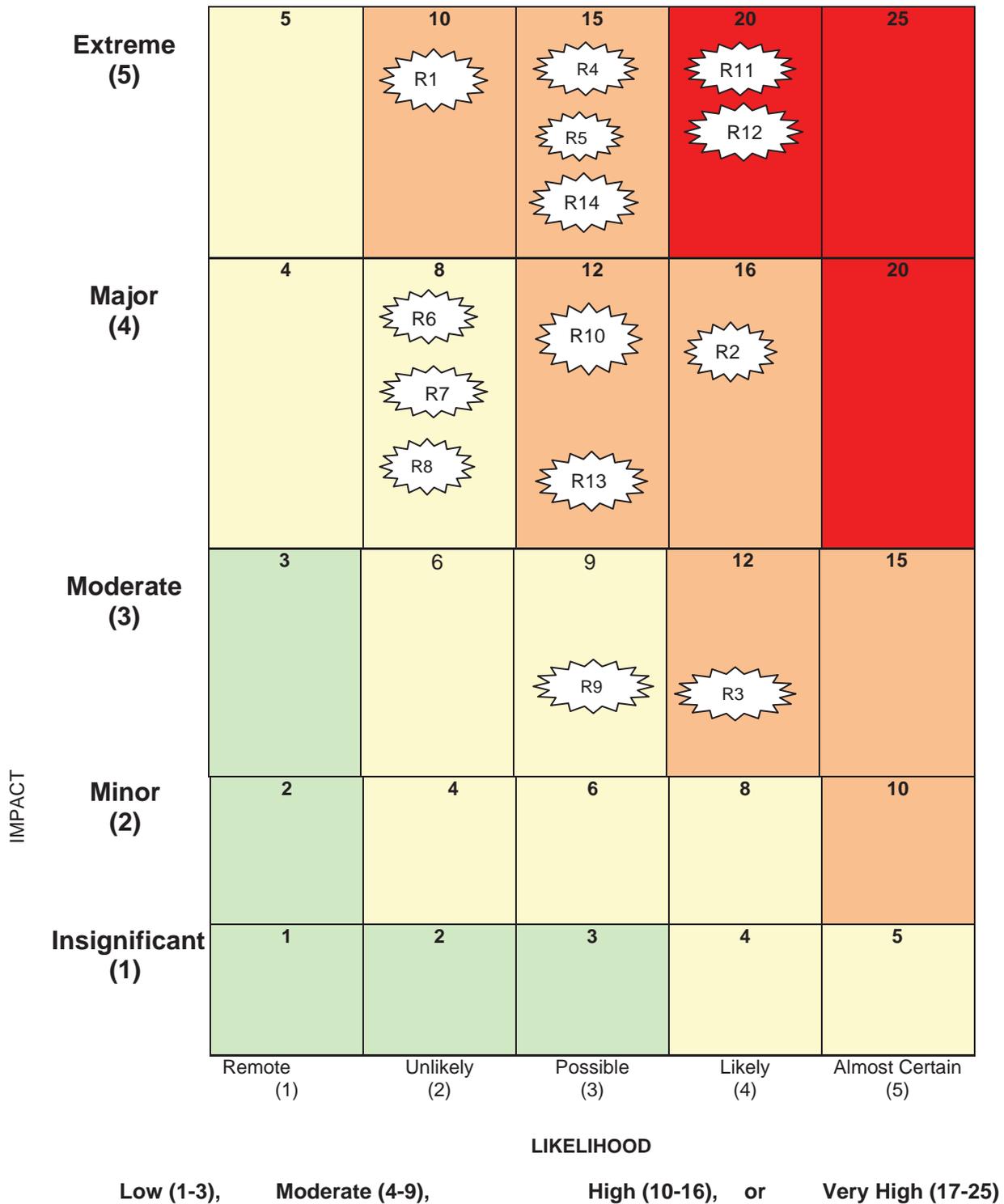
4.5. On the basis of the extensive consideration of the above business context, the organisation has identified and agreed the key strategic risks to be recorded within its risk register going forward from 01/09/2015.

5. The risk register from October 2015

5.1. The risk register is shown in detail in Appendix 1. The risks are categorised under the themes noted below (referred to in more detail earlier in paragraph 4.2), reflecting the strategic aims of the organisation and one additional category to enable capture of significant risks that are inherent in business as usual for the organisation:

- Supporting the delivery of better and more effective public services
- Being sustainable in everything we do.
- Placing customers at the heart of our business.
- Becoming the partner of choice for delivering shared services.

5.2. In summary, the evaluation of Scotland Excel's risks shows the risk profile as:



5.3. The organisation's top five risks (in terms of potential significance) are:

- (1) Long Term Sustainability of Organisation
- (2) Recruitment and Retention of Staff
- (3) Scotland Excel fails to exploit new markets for Stakeholders
- (4) Supplier or Service Provider Failure
- (5) Business Continuity

- 5.4. The planned risk treatment activity going into this year, which is required to further control of reduce the risks is included within the register in Appendix 1.
- 5.5. Strategic risks will be reported on a 6 monthly basis to the Executive Sub Committee.
- 5.6. As a minimum, the Senior Management Team will review the entire strategic risk register on a quarterly basis.
- 5.7. Individual SMT members will as a matter of course throughout the year, bring to the SMT for collective consideration any local (contract specific or operational) risks that may require escalation to the strategic risk register.

Appendix 1:

Risk Register from 01/09/2015

Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation
<p>REF: Risk 1 Title:</p> <p>Context: (1) There is less opportunity to show significant savings from second and third generation contracts (2) As demonstrated with COSLA councils can serve notice and leave the organisation (3) An example of this may be some councils not participating in the NCHC resulting in higher fees for those who do participate or a reduced service offering</p>	<p>Membership of Scotland Excel is optional for Councils. The risk is that Councils decide not to renew membership of Scotland Excel. Scotland Excel must be alert to this and the impact of any council leaving membership.</p>	JW	<ul style="list-style-type: none"> ▪ The Director has undertaken and will continue a programme of meetings with Directors of Finance in Councils to ensure awareness of Scotland Excel and the financial benefits to councils. ▪ Head of Service role created with responsibility for engaging with stakeholders to ensure that requirements are met and relationships are managed effectively. ▪ Engagement with CIPFA to ensure that there is awareness and understanding of Scotland Excel and the benefits of fully engaging are clearly communicated to executives in member councils. ▪ Competitor analysis is providing a clear understanding of our unique selling propositions 	2	5	10
Action Ref	Linked Actions	Latest Note		Assigned To	Due Date	Status

Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation
<p>REF: Risk 2 Title:</p> <p>Context: (1) Horizon scanning to identify new markets/ commodity shifts (2) Failure to deliver on priorities identified by member councils at commercial UIGs (3) Exploring viability of new markets (4) Matching in-house capability and capacity to respond to new markets (5) TTIP – Transatlantic</p>	<p>Scotland Excel fails to exploit potential new markets and opportunities to expand the contract portfolio securing savings for stakeholders.</p>	HC	<ul style="list-style-type: none"> ▪ Formalising horizon scanning could help to identify market development opportunities earlier and give us longer to plan for capacity/capacity ▪ Commercial UIG/Steering Group provides platform for prioritising new market development opportunities, (e.g. discussion and agreement on how we strike a balance between their requirements and our capacity/capability) ▪ Need for workforce planning – anticipate requirements in over the long term and investigate how we can fund recruitment of new staff or up skill existing staff ▪ Secondments from expert partners, as per Zero Waste Scotland for the development of waste contracts. ▪ Contract governance arrangements mitigate some risk on capacity, (i.e. opportunity to identify issues before a tender goes to market) 	4	4	16

Partnership		Latest Note	Assigned To	Due Date	Status
Action Ref	Linked Actions	Risk Statement	Likelihood	Impact	Evaluation
REF: Risk 3 Title:	<p>Scotland Excel fails to develop to meet demands and diversification as the requirement for new shared services develops.</p> <p>Context:</p> <p>(1) Horizon scanning to identify new markets/ commodity shifts</p> <p>(2) Ensuring that priorities identified by member councils at commercial UIGs are delivered.</p> <p>(3) Exploring viability of new markets</p> <p>(4) Matching in-house capability and capacity to respond to new markets</p>	SB	4	3	12
		<p>Current Risk Control Measures</p> <ul style="list-style-type: none"> ▪ Ensure robust market testing of all new shared service propositions ▪ Ensure robust business model is in place for all new services (cost to serve, funding/uptake forecasts) ▪ Ensure sure proper planning that sufficient and capable resources exist within the organisation. 			
Action Ref	Linked Actions	Risk Statement	Likelihood	Impact	Evaluation
REF: Risk 4 Title:	<p>Stakeholders expect that as a CoE Scotland Excel must be aware of and ready for political changes and the impact of these or other external changes. Failure to do so will compromise the relationship with our stakeholders.</p> <p>Context:</p> <p>(1) Horizon scanning to identify new markets/ commodity shifts</p> <p>(2) Exploring viability of new markets</p> <p>(3) Matching in-house capability and capacity to respond to new markets</p> <p>(4) TIP – Transatlantic Partnership</p>	JW	3	5	15
		<p>Current Risk Control Measures</p> <ul style="list-style-type: none"> ▪ Formalising horizon scanning ▪ Strengthening partnerships in the wider stakeholder environment ▪ Develop and implement a public affairs strategy ▪ Scotland Excel must be aware of, and have plans to respond to, all changes in its external environment that may affect the organisation and/or the sector 			
Action Ref	Linked Actions	Risk Statement	Likelihood	Impact	Evaluation

Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation
REF: Risk 5 Title: Context: (1) Financial (and other) factors impacting on resilience of suppliers (2) Negative reputational results across the portfolio from potential breach of contract and supplier failure	The failure of a service provider could have significant implications for service provision within member council areas.	HC	<ul style="list-style-type: none"> Effective risk management at a contract level Robust processes for monitoring the financial stability of suppliers NCHC proposal prepared to meet the management of this key area of risk. Scotland Excel has a range of measures for monitoring supplier resilience. 	3	5	15
Action Ref	Linked Actions	Latest Note		Assigned To	Due Date	Status

Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation
REF: Risk 6 Title: Context: (1) Ethical sourcing of products and supplies in the whole supply chain.	Scotland Excel fails to engage effectively with stakeholders on collaborative activities and / or does not make information available to support the use of contracts or services.	HC	<ul style="list-style-type: none"> Promotional materials including guides for buyers and suppliers produced. Quarterly meetings with stakeholders to support training in the use of and development of content in eCatalogues. 	2	4	8
Action Ref	Linked Actions	Latest Note		Assigned To	Due Date	Status

Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation
REF: Risk 7 Title: Context: (1) Ensure that where possible community benefits can be delivered as part of the contract portfolio.	Scotland Excel fails to be an industry leader in how it addresses key aspects of corporate social responsibility with an associated negative impact upon our stakeholders.	SB	<ul style="list-style-type: none"> Management and reporting of Community Benefits in place and being further developed with stakeholders. 	2	4	8
Action Ref	Linked Actions	Latest Note		Assigned To	Due Date	Status

Risk Register						
Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation
REF: Risk 8 Title: Context: (1) Website is a first point of contact for many so must be accurate and (2) More proactive use of media to promote good news stories (3) Elected member engagement and providing them with information on success / good news stories.	Failure to make Scotland Excel the procurement provider of choice for stakeholders through proper awareness has a financial impact for the organisation and for members in terms of best value	SB	<ul style="list-style-type: none"> ▪ Scotland Excel has engaged PR professionals to raise awareness of the organisation and the benefits from the contracts that are in place. ▪ Promotional materials including guides for buyers and suppliers produced. ▪ Regular updates to all stakeholders via the quarterly newsletter / magazine. ▪ An update of the website has taken place and new content will be added to ensure stakeholders are informed and engage with the organisation ▪ Adopt use of social media as appropriate to engage effectively 	2	4	8
Action Ref	Linked Actions	Latest Note	Assigned To	Due Date	Status	

Risk Register						
Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation
REF: Risk 9 Title: Context: (1) Website news and information kept completely up to date (2) Arrangements for dealing with adverse publicity / crisis management (3) More proactive use of media to manage news stories (4) Elected member kept informed if issues arise.	Scotland Excel is faced with negative publicity or a media crisis which compromises the organisation's stakeholders	SB	<ul style="list-style-type: none"> ▪ Procurement teams advise communications colleagues of any issues which have the potential for negative media interest, and plans are put in place to deal with these proactively ▪ Communications platforms developed and managed in-house are being enhanced, e.g. customer magazine, website refresh ▪ Scotland Excel make use of external specialists to supplement in-house resources as required, (e.g. PR agency to build profile for the work of the organisation) 	3	3	9

Action Ref	Linked Actions	Latest Note	Assigned To	Due Date	Status

Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation
REF: Risk 10 Title: Context: (1) Implementation of stakeholder policy in contracts (2) Ethical sourcing of products and supplies in the whole supply chain.	Scotland Excel has to meet the obligation to deliver on policy objectives for Joint Committee members. There is a risk to credibility and reputation if this is not met.	HC	<ul style="list-style-type: none"> ▪ Sound supplier management is in place and regular meetings to ensure contractual commitments are met. ▪ End users are clear on options when making purchasing decisions. ▪ Publish guidance document on ethical resourcing to indicate to customers where these options exist on our contracts ▪ Procurement teams advise communications colleagues of any issues which have the potential for negative media interest, and plans are put in place to deal with these proactively 	3	4	12
Action Ref	Linked Actions	Latest Note	Assigned To	Due Date	Status	

Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation
REF: Risk 11 Title: Context: (1) Financial sustainability <ul style="list-style-type: none"> ▪ Need to attract resources ▪ Council budget cuts ▪ Potential for national organisations/ local government withdrawing support (2) Competition from other bodies entering the market where Excel has to remain the provider of choice (3) Desired growth and consequent logistics/ location challenges for the	There are a range of factors in the organisation's business context that if not addressed effectively could impact on the longer term sustainability of Scotland Excel and the ability to remain the provider of choice in the public procurement sector.	JW	<ul style="list-style-type: none"> ▪ Financial Sustainability: <ul style="list-style-type: none"> ○ Identifying new opportunities to provide additional chargeable services based on customer demand ○ Developing and implementing transparent budget management procedures ▪ Competition: <ul style="list-style-type: none"> ○ Competitor analysis is being undertaken and will be used to develop and communicate unique selling propositions (USPs) ○ Opportunity to reprioritise services based on competitive landscape (e.g. avoid duplication and free up resources) ▪ Growth and logistics: <ul style="list-style-type: none"> ○ Ensure robust market testing of all new shared service propositions ○ Ensure robust business model is in place for all new services (cost to serve, funding/uptake forecasts) 	4	5	20

organisation								
Action Ref	Actions	Latest Note	Assigned To	Due Date	Status			

Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation
REF: Risk 12 Title: Context: (1) Demand in the market for Procurement staff makes recruiting and retaining staff problematic. (2) Lack of flexibility in pay structures due to tie in with Renfrewshire Council makes retaining staff problematic. (3) Perception of procurement staff as lacking experience creates lack of confidence amongst our stakeholders.	Scotland Excel encounters problems in recruiting and retaining staff of suitable skill, quality and experience to meet the agreed contract delivery schedule.	JW	<ul style="list-style-type: none"> ▪ Organisational development strategy being created as part of transformation programme ▪ Opportunity to formalise our new talent development activities into three year rolling strategy ▪ Refresh of employer branding and implementation of social media based recruitment advertising 	4	5	20
Action Ref	Linked Actions	Latest Note	Assigned To	Due Date	Status	

Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation
REF: Risk 13 Title: Context: (1) Procurement Reform (Scotland) Bill (2) Changes to EU and UK procurement legislation (3) Consultation on the Community Empowerment (Scotland) Bill (4) Personalisation and self directed support legislation (individual choice) (5) Horizon scanning for future legislative changes	Legislative changes can impact on the organisation and its stakeholders and if Scotland Excel.	HC	<ul style="list-style-type: none"> ▪ Where ever possible Scotland Excel is involved in discussions to shape legislation, participate in relevant consultation and seeks to influence future legislative changes ▪ Active participation in various groups and boards influencing policy and direction of travel. ▪ Regular attendance for key staff at appropriate training and policy seminars. ▪ Working in partnership with key industry / service / professional groups to manage service development and delivery in line with legislative changes. 	3	4	12
Action Ref	Linked Actions	Latest Note	Assigned To	Due Date	Status	

Context	Risk Statement	Owned by	Current Risk Control Measures	Likelihood	Impact	Evaluation
REF: Risk 14 Title: Context: (1) Loss of staff (many staff or key individuals) (2) Loss of facilities (3) Loss of systems (4) Loss of data	Scotland Excel does not adequately prepare for a range of scenarios to ensure business continuity then there is a risk of service disruption with associated impact to stakeholders	SB	<ul style="list-style-type: none"> ▪ Scenario planning ▪ Business continuity planning ▪ Plans to recruit, motivate and retain the best staff for the organisation 	3	5	15
Action Ref	Linked Actions	Latest Note	Assigned To	Due Date	Status	